

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 PA-01 PRS-01 L-03 H-02 DODE-00

PM-04 /111 W

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R 091710Z JUL 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0325

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION USBERLIN

USMISSION NATO BRUSSELS

USNMR SHAPE

AMCONSUL FRANKFURT

AMCONSUL MUNICH

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL HAMBURG

AMCONSUL STUTTGART

CINC USAFE RAMSTEIN

CINC USAREUR HEIDELBERG

CINC EUR VAIHINGEN

AMEMBASSY TOKYO

USDEL MTN GENEVA

C O N F I D E N T I A L BONN 11657

DEPARTMENT PASS TREASURY, FRB AND CEA

E.O. 11652: GDS

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TAGS: EFIN, GW

SUBJECT: UNEMPLOYMENT STATISTICS COMMENT

REF: BONN 11443

1. DUE TO A DATA HANDLING PROBLEM, TABLE II OF THE REFTEL SHOULD BE CORRECTED TO READ AS FOLLOWS:

SEASONALLY-ADJUSTED REGISTERED UNEMPLOYMENT

1976	NUMBER UNEMPLOYED (THOUSANDS)	UNEMPLOYMENT RATE
JAN	1077	4.7
FEB	1080	4.7
MAR	1068	4.7
APR	1056	4.6
MAY	1036	4.5
JUNE	1034	4.5

2. SUBSEQUENT TO THE TRANSMISSION OF REFTEL, THE DGB REPORTEDLY MADE A RELEVANT STATEMENT EXPRESSING DISAPPOINTMENT WITH THE MAY TO JUNE LABOR MARKET DEVELOPMENTS (REPORTED SEPERATELY). THE LABOR CONFEDERATION FELT THE SLIGHT REDUCTION IN UNEMPLOYMENT WAS LESS THAN WHAT SEASONAL INFLUENCES WOULD HAVE BROUGHT ABOUT. WHILE NO DIRECT REFERENCE IS MADE TO THE SEASONALLY ADJUSTED DATA BY THE DGB, THE FACT, WHICH THEY COULD NOT HAVE OVERLOOKED, IS THAT BETWEEN JANUARY AND JUNE THE UNEMPLOYMENT RATE HAS ONLY DECLINED BY 0.2 PERCENT.

3. ONE OTHER FACT THEY MIGHT NOT HAVE OVERLOOKED IS THE APPARENTLY ILLOGICAL WAY THE SEASONALLY ADJUSTED DATA IS BEING REVISED AND PRESENTED. LAST YEAR, BETWEEN MAY AND JUNE, WHEN UNADJUSTED UNEMPLOYMENT DROPPED BY 16,000, THE SEASONALLY ADJUSTED EMPLOYMENT ROSE 37,000 ACCORDING TO THE REVISED FIGURE OR 53,000 AS PUBLISHED BY THE BUNDESBANK IN JUNE 1976. THIS YEAR THE UNADJUSTED

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UNEMPLOYMENT DECLINE WAS 32,500, WHICH WOULD POINT TO A SEASONALLY ADJUSTED DATA INCREASE IN UNEMPLOYMENT OF 18-26,000 IF LAST YEAR'S SEASONAL PATTERN WERE APPLIED. HOWEVER, AS NOTED IN THE REFTEL AND THE TABLE ABOVE, THERE WAS A DECLINE--ALBEIT A SMALL ONE OF 2000--IN THE REVISED SEASONAL SERIES IN JUNE. WE ASKED THE ECONOMIST WHO SPECIALIZES IN THE SEASONAL ADJUSTMENT OF THIS SERIES WHAT HAPPENED,

BUT HE ONLY DODGED BY SAYING SOME NEW CORRECTIVE
FACTORS HAD TO BE INSERTED IN THE ADJUSTMENT
PROGRAM. HE, OF COURSE, DENIED THAT ANYTHING BUT
PURELY SCIENTIFIC INFLUENCES LIE BEHIND THIS
PHENOMENON DESPITE THE PRE-ELECTORAL PRESSURES.
HILLENBRAND

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